

## **A Word about Multi-Year Funding Grant Agreements**

FTA and sponsors of New Starts projects enter into a multi-year contractual agreement that formally establishes the maximum level of Federal financial assistance and outlines the terms and conditions of Federal financial participation. For projects requiring \$75 million or more in New Starts funding, the agreement is called a Full Funding Grant Agreement (FFGA). For projects requiring less than \$75 million in New Starts funding with a total project cost of less than \$250 million, the agreement is called a Project Construction Grant Agreement (PCGA). The FFGA/PCGA defines the project, including cost, scope, and schedule; commits to a maximum level of New Starts financial assistance (subject to appropriation); establishes the terms and conditions of Federal financial participation; defines the period of time for completion of the project; and helps FTA and the project sponsor manage the project in accordance with Federal law.

The FFGA/PCGA assures the grantee of predictable Federal financial support for the project (subject to Congressional appropriations), while placing a limitation on the amount of this support. Thus, an FFGA/PCGA limits the exposure of the Federal government to cost increases that may result if project design, engineering, and/or project management is not adequately performed at the local level. While FTA is responsible for ensuring that planning projections are based on realistic assumptions and that design and construction follow acceptable industry practices, it is the responsibility of project sponsors to properly manage, design, engineer and construct projects. FTA is not directly involved in the design and construction of New Starts/Small Starts projects but does utilize its Project Management Oversight Program to obtain independent feedback on project status and progress, including the establishment of scope, budget, and schedule, as well as provide guidance on management, construction, and quality assurance practices.

Additional information and guidance on developing FFGAs is contained in further detail in FTA Circular 5200.1A, Full Funding Grant Agreements Guidance, dated December 5, 2002, and the FTA Rule on Project Management Oversight (49 CFR Part 633). More details, as well as the opportunity to help FTA further define the Small Starts PCGA development process, will be provided in the coming months through the rulemaking process.